

Mortgage Loan Programs

Deferred Payment Loan



Frequently Asked Questions - For Lenders

Lenders should refer to Minnesota Housing's [Start Up Program Procedural Manual](#) and the [Downpayment and Closing Cost Loan Comparison Chart](#) for complete information.

What is the Deferred Payment Loan Program?

The Deferred Payment Loan is a zero-interest, deferred downpayment and closing cost loan available to eligible Start Up borrowers. The Deferred Payment Loan Program offers two options, based on eligibility requirements.

Loan Options	Loan Amount
Deferred Payment Loan	Up to \$8,000 available in \$100 increments
Deferred Payment Loan Plus (DPL Plus)	Up to \$10,000 available in \$100 increments

Am I eligible to offer Deferred Payment Loan?

All participating lenders may offer all Minnesota Housing downpayment and closing cost loan options, including DPL Plus. A separate application and approval process is not required.

How does a borrower qualify for DPL Plus?

Borrowers must meet the Deferred Payment Loan Program guidelines and at least two additional targeting criteria:

- Sole head of household with at least one Eligible Dependent (see below)
- Household of four or more people
- Disabled household member
- Front-end ratio of 28% or higher

How do I determine if my borrower qualifies as a sole head of household with at least one Eligible Dependent or as a disabled household member?

Refer to the definitions in the [Start Up Procedural Manual](#). Minnesota Housing does not require documentation and your underwriter makes the determination whether or not your borrower meets the definition. You can use the [DPL Plus Eligibility Worksheet](#) to document borrower's eligibility.

Do you factor the DPL Plus loan amount into the front-end ratio calculation?

Calculate the front-end ratio before you apply the DPL Plus loan amount.

What if my borrower doesn't meet two of the four targeting criteria?

Then the borrower is not eligible for the DPL Plus option. Even if this is the case, your borrowers can still access assistance through the Deferred Payment Loan, as long as they meet the eligibility requirements of the Deferred Payment Loan Program.

How do I determine if my borrower is eligible for the entire \$10,000?

If borrowers meet the requirements of the DPL Plus option, then they are eligible for the full \$10,000. However, they do not need to take the entire amount. The loan may be used to cover closing costs and downpayment (including more than the minimum downpayment). Have a conversation with your borrowers about their needs and the benefits of a lower monthly payment versus the greater loan amount due when they sell.

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What if a borrower only wants or needs an amount less than \$7,500 the maximum amount?

To conserve the limited resources available for Deferred Payment Loan, if they need less than the maximum, they should go with the amount they need.

May borrowers apply the Deferred Payment Loan towards an additional downpayment?

Yes. Borrowers can choose to allocate their Deferred Payment Loan towards their downpayment, closing costs, principal reduction or a combination.

What are the Deferred Payment Loan disclosure requirements?

Lenders are responsible for following mortgage industry disclosure requirements for all Minnesota Housing downpayment and closing cost loans. Lenders are encouraged to review disclosure requirements with their legal counsel to ensure compliance.

How is locking a DPL Plus loan different than locking a regular Deferred Payment Loan in the Minnesota Housing Commitment System?

First you'll complete the normal steps to create a new loan, making sure to select the Start Up Program, your desired underlying product, and the Deferred Payment Loan. Then follow the steps outlined on the [DPL Plus Commitment System Guide](#) to select "DPL Plus" from the dropdown list in the "Initiative" field and complete the fields related to the DPL Plus targeting criteria.